

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

For the Year ended June 30, 2005

Assets	Capital Outlay Fund	E	Building Fund	•		Total Nonmajor Governmental <u>Funds</u>	
Cash and cash equivalents	\$ 74,738	\$		\$	7,072	\$	81,810
Total assets	\$ 74,738	\$		\$	7,072	\$_	81,810
Fund Balances							
Reserved for: Unreserved, reported in:							
Debt Service funds Permanent funds	\$ 74,738 	\$ 	-	\$	- 7,072	\$ 	74,738 <u>7,072</u>
Total fund balances	 74,738				7,072	_	81,810
Total liabilities and fund balances	\$ 74,738	\$	-	\$	7,072	\$	81,810

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year ended June 30, 2005

		Capital Outlay Fund	itlay Building			Garth Memorial Trust		Total Nonmajor overnmental Funds
Revenues								
From local sources								
Property taxes	\$	-	\$	3,925,227	\$	-	\$	3,925,227
Earnings on investments State sources		-		-		139		139
Other	_	598,560	-	896,732	-			1,495,292
Total revenues	_	598,560	-	4,821,959		139	_	5,420,658
Other financing sources (uses) Operating transfers in Operating transfers out		- (523,822)	_	- (6,179,477)	_	-	_	- (6,703,299)
Total other financing sources (uses)	_	(523,822)	_	(6,179,477)	_	-	_	(6,703,299)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses		74,738		(1,357,518)		139		(1,282,641)
Fund balance, July 1, 2004	_		_	1,357,518	_	6,933	_	1,364,451
Fund balance, June 30, 2005	\$	74,738	\$_		\$_	7,072	\$_	81,810

SCOTT COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF ASSETS, LIABILITIES AND DUE TO/FROM OTHER STUDENT GROUPS - ACTIVITY FUNDS

June 30, 2005

	Assets	Cash \$	Accounts receivable	Total assets \$	Liabilities	Accounts payable \$	Due to/from other student groups	Total liabilities and due to/from other student groups
Scott County High School		248,945	1,460	\$ 250,405		370	250,035	250,405
Scott County Middle School		248,945 \$ 129,483		\$ 129,483		ь 69	129,483	\$ 250,405 \$ 129,483 \$
	 	\$ \$	1	\$ \$		€9	[<u>8</u> 3	[83 83
Georgetown Middle School		58,556		58,556		48	58,508	58,556
Eastern Elementary School		\$ 20,839		\$ 20,839		\$ 203	20,636	\$ 20,839
Ninth Grade School		\$ 52,9	r :	\$ 52,982		€>	52,216	\$ 52,982
	 	52,982 \$	1	982 \$		\$ 99/	16	
Garth Elementary School		37,139	1,667	38,806		I.	38,806	\$ 38,806
Northern Elementary School		\$ 22,882	2,222	\$ 25,104		\$ 251	24,853	\$ 25,104
Southern y Elementary School		(A)	2	ø,		€9		4 \$ 14.265
_		13,465 \$	800	14,265 \$		1,001	13,264	4.265 \$,
Stamping Ground Elementary School		16,887		16,887		375	16,512	16,887
Western Elementary School		\$ 93,870		\$ 93,870		\$ 891	92,979	\$ 93,870
Anne Mason Elementary School		\$ 62,698		\$ 62,698		\$ 33,368	29,330	\$ 62,698
Totals		\$ 757,746	6,149	\$ 763,895		\$ 37,273	726,622	\$ 763,895

See accompanying independent auditor's report.

SCOTT COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS - ACTIVITY FUNDS

For the Year ended June 30, 2005

Totals	\$ 2,233,987	2,183,628	698'09	676,263	\$ 726,622
Anne Mason Elementary School	\$ 250,226	257,204	(6,978)	36,308	\$ <u>52,216</u> \$ <u>38,806</u> \$ <u>24,853</u> \$ <u>13,264</u> \$ <u>16,512</u> \$ <u>92,979</u> \$ <u>29,330</u> \$ <u>726,622</u>
Western Elementary School	71,953 \$ 169,795	148,059	21,736	71,243	\$ 92,979
Stamping Ground Elementary School	\$ 71,953	73,020	(1,067)	17,579	\$ 16,512
Southern Elementary School	\$ 68,767	79,276	(10,509)	23,773	\$ 13,264
Northern Elementary School	\$ 88,953	86,293	2,660	22,193	\$ 24,853
Garth Elementary School	\$ 131,030	135,992	(4,962)	43,768	\$ 38,806
Ninth Grade School	\$ 104,895	104,393	502	51,714	
Eastern Elementary School	\$ 101,655	104,404	(2,749)	23,385	\$ 20,636
Georgetown Middle School	\$931,956 \$182,330 \$ 132,427 \$ 101,655	128,096	4,331	54,177	\$ <u>250,035</u> \$ <u>129,483</u> \$ <u>58,508</u> \$ <u>20,636</u>
Scott County Middle School	\$ 182,330	188,307	(5,977)	135,460	\$ 129,483
Scott County High School	\$ 931,956	878,584	53,372	196,663	\$ 250,035
	Revenues from student activities	Non-instructional expenses	Excess (deficit) of revenues over expenditures	Due to/from other student groups, July 1, 2004	Due to/from other student groups, June 30, 2005

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS - SCOTT COUNTY HIGH SCHOOL

For the Year ended June 30, 2005

	Due to/from other student groups July 1, 2004	Receipts	Disbursements	Due to/from other student groups
Academic Team	\$ - \$		\$ 1,701	\$ -
Advanced Placement	1,417	16,250	14,097	3,570
AF Logistical Support	12,835	7,463	6,585	13,713
AFJRÖTC	9,313	13,688	15,127	7,874
Ag. Dept. Farm	451	2,047	1,779	719
Alternative Program		419	209	210
Annual	11,543	34,979	8,453	38,069
AP French	494	385	879	-
Aquaponics Project	252	-	-	252
Art Fees	548	190	-	738
Athletic General	16,615	84,176	88,001	12,790
Athletic Office	100	13,556	12,957	699
Band	1,438	18,466	19,038	866
Baseball	.,	20,474	19,476	998
Baseball Regionals	_	5,372	5,372	-
Basketball Concessions	329	12,925	10,350	2,904
Beta Club	580	17,091	16,419	1,252
Boys Basketball	2,668	37,962	40,216	414
Boys Basket Ball	499	8,911	9,186	224
Boys Golf	3,719	6,041	6,022	3,738
Boys Soccer	2	6,879	6,339	542
Boys Soccer Regional	_	2,400	2,400	342
Boys Tennis	712	2,264	1,439	1,537
Boys Tennis Boosters	1,576	133	376	1,333
Boys Track	1,083	3,526	4,009	600
Business Fees	9	4,735	3,951	793
Camry	_	164,441	164,441	195
Chess Club	_	205	119	- 86
Childcare Account	37	200	37	00
Choral	-	31,082	30,158	924
Computer Lab	833	192	462	563
Co-op	2	3,141	2,989	154
Corporate Sponsors	2	4,400	4,400	104
Courtesy Committee	105	2,634	2,355	384
Cross Country	1,622	7,284	8,635	271
Cultural Exchange	1,188	1,204	880	308
Cutter Foreign	1,100	2,150	2,096	
Dance Team	5	1,768	1,717	5 4 56
DECA	1,086	10,000		
District Boy's Soccer	1,000	1,780	9,708	1,378
Drama	2,691		1,780	- E 100
Faculty Vending	2,091	8,607	6,192	5,106
FBLA	- 1,426	2, 4 01 764	2,384	17
FCA			1,746	444
FCCLA	582	2,130 1,764	791	1,921
FEA	1 150	1,764 3,634	1,389	376 4 740
FFA	1,150	3,624	3,034	1,740
Football	152	22,433	22,581	4
	415	103,790	104,170	35
Football Concessions	8,814	24,391	15,119	18,086

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS - SCOTT COUNTY HIGH SCHOOL

For the Year ended June 30, 2005

	Due to/from other student groupsJuly 1, 2004	Receipts		Due to/from other student groups
Foreign Language Club	513		282	231
General Fund	38	7,911	7,414	535
Girls Basketball	3,714	19,954	22,381	1,287
Girls Golf	1,932	2,150	1,851	2,231
Girls Soccer	839	8,589	4,600	4,828
Girls Tennis	2,725	1,618	860	3,483
Girls Tennis Boosters	1,331	133	406	1,058
Girls Track	1,314	3,354	4,105	563
Guidance Recovery	753	742	702	793
Home Economics	381	1,630	1,177	834
Horticulture	4,710	15,694	17,861	2,543
HOSA	176	12,136	8,499	3,813
Hospitality Account	-	525	227	298
House of Cards Cafe	51	41	92	<u>-</u>
Incentive Committee	-	1,000	993	7
Interest	210	5,915	4,555	1,570
International Club	376	440	490	326
J/K Overtime	3,753	17,489	12,869	8,373
Journalism	637	980	1,551	66
JTF Memorial FFA CD	4,774	102	500	4,376
Junior Class	3,107	19,355	18,414	4,048
JV Cheer Boosters	175	600	775	-
Key Club	846	-	-	846
Literary Club	-	700		700
Locker and Planner	2,122	8,940	11,057	5
Math Fund	383	555	584	354
National Honor Society	2,728	1,555	1,797	2,486
Olympiad of Science	-	368	368	-
Pep Club	490	- 4 700	174	316
Project Success	500	1,700	27	2,173
Reach for the Stars	2,225	- 0.700	1,000	1,225
Reserved Seating	-	9,780	9,730	50
SADD Saint an Obah	203	195	84	314
Science Club	164	49	213	- 4.050
Science Fees	210	3,929	2,186	1,953
Senior Camry Raffle	-	- 7040		-
Senior Class	3,969	7,343	7,523	3,789
SMAC	820	584	960	444
Softball	-	4,888	4,888	-
Softball State	-	4,779	2,463	2,316
Spanish	455		-	455
Speech	14	5,832	5,833	13
State Tournament	- 0.500	21,776	21,776	
Student Council	6,582	444	1,506	5,520
Student Vending	309	15,466 3,064	13,998	1,777
Student Vending	4 960	3,064	2,894	170
Susan Moore SWAT	1,869	285 105	750 434	1,404
SVVAI	394	195	121	468

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS - SCOTT COUNTY HIGH SCHOOL

For the Year ended June 30, 2005

	Due to/from other student groups			Due to/from other student groups
	July 1, 2004	Receipts		June 30, 2005
Swimming	1,645	5,457	6,148	954
Swing Club	842	-	842	-
Teacher Sub Account	· -	3,205	3,205	**
Technology Student	733	3,556	4,228	61
Textbook Rental	-	7,940	7,940	-
Toyota Classic	45,288	101,224	96,168	50,344
Transportation	183	5,911	5,911	183
Varsity Cheer Blue	277	4,089	4,366	-
Varsity Cheer Boosters	-	3,414	3,414	•
Varsity Cheer Red	344	8,196	7,529	1,011
VO-AG	2,143	2,453	3,910	686
Volleyball	2,156	11,478	11,353	2,281
Volleyball Districts	-	1,410	1,410	•
YAAD	-	1,743	1,506	237
Young Historians	254	3,938	4,174	18
Youth Impact Club	<u>714</u>	<u>758</u>	995	477
Subtotal	196,663	1,098,571	1,045,199	250,035
Transfers	<u> </u>	166,615	166,615	
	\$ <u>196,663</u>	\$ 931,956	\$ 878,584	\$250,035

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

Year ended June 30, 2005

Year ended June 30, 2005								ariance with nal Budget
	_	Budgeted	An					avorable
		Original	_	Final		Actual	<u>(Ų</u>	<u>nfavorable)</u>
Revenues								
From local sources								
Taxes								
Property taxes	\$	5,406,609	\$	5,406,609	\$	5,613,182	\$	206,573
Motor vehicle taxes		1,342,280		1,342,280		1,310,116		(32,164)
Utility taxes		2,500,000		2,500,000		3,027,427		527,427
Occupational license fee		2,890,000		3,980,198		4,355,094		374,896
Tuition and fees		220,000		220,000		194,369		(25,631)
Earnings on investments		130,000		130,000		256,549		126,549
Other local revenues		1,353,709		1,353,709		1,402,946		49,237
State sources								
SEEK		17,603,021		18,066,787		18,066,787		
Other		38,500		38,500		38,419		(81)
Federal - direct		47,500		47,500		91,505		44,005
Other revenues		-		-		10,389		10,389
On-behalf revenues		5,026,544		5,026,544		5,906,549		880,005
Total revenue		36,558,163	-	38,112,127	-	40,273,332		2,161,205
			-		-			
Expenditures								
Instruction		23,584,374		24,377,919		23,947,445		430,474
Support services		20,001,011		2 1,07 1,010		20,011,110		.00,
Student		2,105,127		2,117,946		2,180,975		(63,029)
Instruction staff		1,605,748		1,666,450		2,002,523		(336,073)
District administration		801,780		822,108		785,125		36,983
School administration		2,617,262		2,583,255		2,286,435		296,820
Business						797,102		
		736,134		777,430				(19,672)
Plant operation and maintenance		3,747,764		3,785,825		3,679,358		106,467
Student transportation		3,057,830		3,121,761		3,244,237		(122,476)
Food service		66,636		66,636		26,158		40,478
Facilities acquisition and construction		117,236		300,664		274,432		26,232
Community service activities		353,891		285,268		313,242		(27,974)
Debt service		380,357		707,637		706,808		829
Contingency	_	1,969,137	-	1,058,099	-			1,058,099
Total expenditures		41,143,276	-	41,670,998	-	40,243,840		1,427,158
Excess (deficit) of revenues over expenditures		(4,585,113)		(3,558,871)		29,492		3,588,363
Other financing sources (uses)								
Proceeds from sale of fixed assets		-		3,539		22,650		19,111
Operating transfers in		104,000		104,000		102,361		(1,639)
Operating transfers out		(30,900)		(1,060,681)		(1,060,681)		- (1,000)
Total other financing sources (uses)	_	73,100	-	(953,142)	-	(935,670)	_	17,472
rotal other initioning courses (acce)	-	70,100	-	(000,112)	-	(000,010)	_	17,472
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses		(4,512,013)		(4,512,013)		(906,178)		3,605,835
Fund balance, June 30, 2004	_	4,512,013	-	4,512,013	-	4,512,013	_	
Fund balance, June 30, 2005	\$_	-	\$_	-	\$.	3,605,835	\$	3,605,835

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL REVENUE FUND

Year ended June 30, 2005

		Budgeted	lΔm	nounte			Fi	riance with nal Budget Favorable
		Original	I An	Final		Actual		nfavorable)
Revenues		<u> </u>				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	- (-	
Earnings on investments	\$	-	\$	1,935	\$	10,798	\$	8,863
Other local revenues		14,000		129,273		138,239		8,966
State sources								
Other		1,812,146		2,014,006		2,071,854		57,848
Federal - indirect	_	2,755,099	_	2,802,316	_	2,806,309	_	3,993
Total revenue	_	<u>4,581,245</u>		4,947,530	_	5,027,200	_	79,670
Expenditures								
Instruction		3,863,307		3,766,854		3,892,804		(125,950)
Support services								, , ,
Student		1,500		1,500		1,465		35
Instruction staff		280,699		581,748		617,771		(36,023)
District administration		-		38,169		39,056		(887)
School administration		-		-		1,160		(1,160)
Student transportation		86,000		86,000		28,034		57, 9 66
Community service activities		349,739		460,803		438,292		22,511
Contingency	_		_	5,010	_			5,010
Total expenditures		4,581,245	_	4,940,084	_	5,018,582	_	(78,498)
Excess of revenues over expenditures		-		7,446		8,618		1,172
Other financing sources (uses)								
Operating transfers in		-		78,743		78,743		-
Operating transfers out				(86,189)	_	(87,361)		(1,172)
Total other financing sources (uses)		-	_	(7,446)	_	(8, <u>618</u>)	_	(1,172)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses		-		-		-		-
Fund balance, June 30, 2004	_		_		_		_	
Fund balance, June 30, 2005	\$_	-	\$_	-	\$_	-	\$	_

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended June 30, 2005

	CFDA Number	Pass-Through Number	Disbursements
U.S. DEPARTMENT OF EDUCATION			
Passed through Kentucky Department of Education			
Title I Grants to Local Educational Agencies	84.010	510-540-3104	\$ 136,176
Title I Grants to Local Educational Agencies	84.010	510-540-3105	- 622,738
Migrant Education-State Grant Program	84.011	510-540-3114	12,879
Migrant Education-State Grant Program	84.011	510-540-3115	57,460
Cooperative Agreements to Support Comprehensive School	00.000	540 540 44544	
Health Programs	93.938	510-540-4184A	296
Cooperative Agreements to Support Comprehensive School	00.000	540 540 44054	0.500
Health Programs Vocational Education-Basic Grants to States	93.938	510-540-4185A	2,588
	84.048	510-540-3484	1,999
Vocational Education-Basic Grants to States	84.048	510-540-3484A	931
Vocational Education-Basic Grants to States	84.048	510-540-3485	45,979
Special Education-Grants to States	84.027	510-540-3374	261,365
Special Education-Grants to States Special Education-Preschool Grants	84.027 84.173	510-540-3375	925,694
Special Education-Preschool Grants	84.173	510-540-3434	51,575
	84.186	510-540-3435	40,337
Safe and Drug-Free Schools and Communities-State Grants Safe and Drug-Free Schools and Communities-State Grants	84.186	510-540-4064	19,748
Tech Prep Education	84.243	510-540-4065 510-540-3635	10,689 4,500
Improving Teacher Quality State Grants	84.367	510-540-4014	
Improving Teacher Quality State Grants	84.367		29,973 245,206
State Grants for Innovative Programs	84.298	510-540-4015 510-540-3345	245,20 0 26,763
State Grants for Innovative Programs	84.298	510-540-3345A	20,763 465
Even Start-State Educational Agencies	84.213	510-540-3234	2,508
Even Start-State Educational Agencies	84.213	510-540-3235	76,185
English Language Acquisition Grants	84.365	510-540-3454	70,185
English Language Acquisition Grants	84.365	510-540-3455	7,000
Education Technology State Grants	84.318	510-540-4253C	2,550
Education Technology State Grants	84.318	510-540-4254C	2,556 146,556
Education Technology State Grants	84.318	510-540-4254	1,731
Education Technology State Grants	84.318	510-540-4255	19,251
Education recombined of the Orange	04.510	310-340-4233	19,231
Passed through the Ohio Valley Educational Cooperative			
Assistance Programs for Chronic Disease Prevention and	93.945	510-540-4223	147
Control	00.010	010 040 4220	171
Passed through KY Workforce Development Cabinet			
Adult Education-State Grant Program	84.002	510-540-3805	5,000
Adult Education-State Grant Program	84.002	510-540-3735	41,640
Adult Education-State Grant Program	84.002	510-540-3735S	3,074
Total U.S. Department of Education			\$2,803,947
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education	10	#40 #40 CC	
National School Lunch Program	10.555	510-540-05	\$ 776,708
School Breakfast Program	10.553	510-540-05	208,681
Summer Food Service Program for Children	10.559	510-540-04	23,599
Summer Food Service Program for Children	10.559	510-540-05	44,715
Deceard through the Kentucky Department of Andrews			
Passed through the Kentucky Department of Agriculture Food Donation	40.550	NI/A	400.000
TOOK DUNATION	10.550	N/A	129,260
Total of U.S. Department of Agriculture		,	\$ <u>1,182,963</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended June 30, 2005

Tof the Teal ended Julie 30, 2003	CFDA <u>Number</u>	Pass-Through <u>Number</u>	Disb	ursements
U.S. Department of Health and Human Services Learn and Serve America-School and Community Based Programs	94.004	510-540-6755	\$	2,923
Passed through State Department of Education Medical Assistance Program	93.778			30,848
Total U.S. Department of Health and Human Services			\$	33,771
Directly from the Federal Government AFJROTC	12.000	N/A	\$	48,797
Total Direct from Federal Government			E	48,797
Total Expenditures of Federal Awards			\$	4,069,478

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended June 30, 2005

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Scott County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations.

Scott County School District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year ended June 30, 2005

	n I-Summary of Auditor's Results al Statements				
Type of	f auditor's report issued (unqualified):				
Internal	control over financial reporting:				
•	Material weakness(es) identified?		_yes	<u>X</u>	no
•	Reportable condition(s) identified that are not considered to be material weaknesses?	*** *********************************	_yes	X	none reported
•	Noncompliance material to financial statements noted?	•	_yes	_X_	no
<u>Federa</u>	l <u>Awards</u>				
Interna	l control over major programs:				
•	Material weakness(es) identified?		_yes	_X	no
•	Reportable condition(s) identified that are not considered to be material weakness(es)?		_yes	_X	none reported
Type of	f auditor's report issued on compliance fo	r major	program	s (unqua	alified):
•	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		_yes	_x_	no
Identific	cation of major programs:				
	CFDA Number(s)	<u>Name</u>	of Feder	al Progr	am or Cluster
	84.010 84.027, 84.173 10.553, 10.555, 10.559	Specia	Grants to al Educat on Cluste	ion Clus	ducational Agencies ter
•	Dollar threshold used to distinguish Between type A and type B programs:		\$300,0	00	
•	Auditee qualified as low-risk auditee?	<u>X</u>	_yes		no

Section II - Financial Statement of Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2005

There were no prior year audit findings.



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Education Scott County School District Georgetown, KY

We have audited the financial statements of Scott County School District. as of and for the year ended June 30, 2005, and have issued our report thereon dated August 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Scott County School District, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on their determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or state audit requirements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scott County School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving internal control over financial reporting that we have reported to the management of Scott County School District in a separate letter dated August 29, 2005.

This report is intended for the information of the members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Scott County School District, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution in not limited.

Lexington, Kentucky August 29, 2005

nounfjay & Bressler, LAP.

(859) 431-7721 fax



REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Education Scott County School District Georgetown, KY

Compliance

We have audited the compliance of Scott County School District (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Scott County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Scott County School District's management. Our responsibility is to express an opinion of Scott County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Scott County School District's compliance with those requirements.

In our opinion, the Scott County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

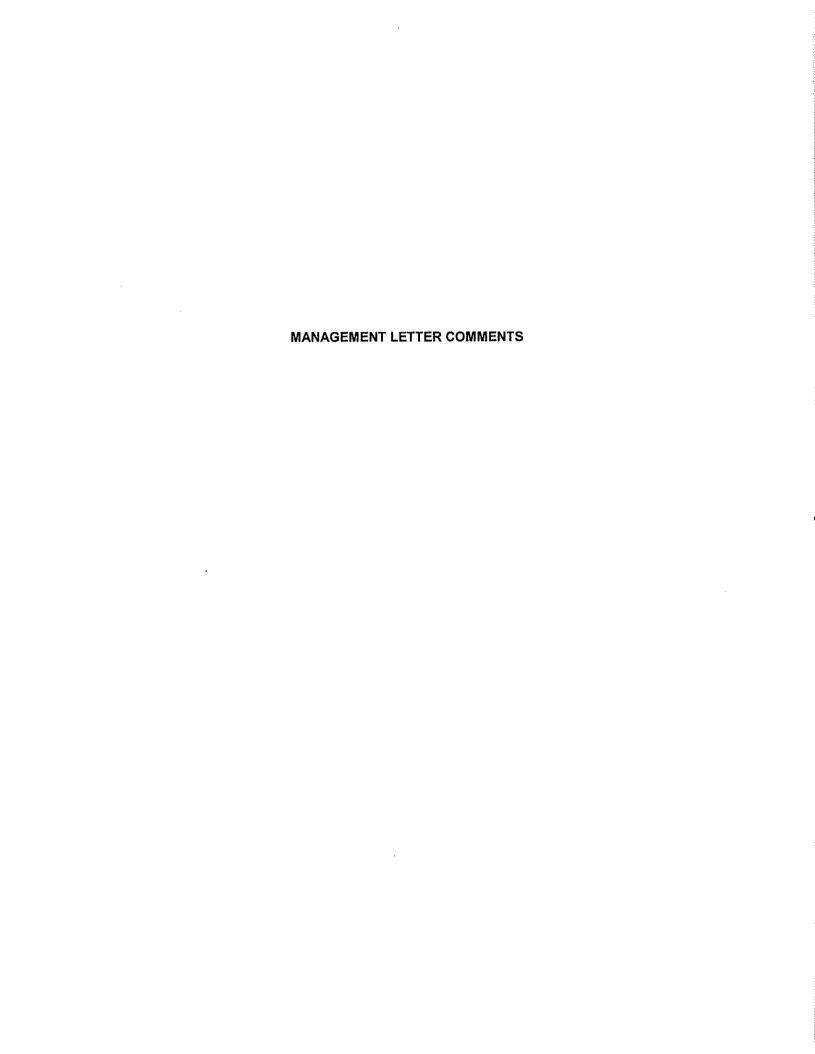
The management of Scott County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Scott County School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. In addition, the results of our tests disclosed no instances of noncompliance of specific state statutes or regulations identified in Appendix II of the Independent Auditor's Contract - State Audit Requirements.

This report is intended for the information of the members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Scott County School District, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution in not limited.

Mannfroy & Brusaly L. J.A.
Lexington, Kentucky

August 29, 2005





Members of the Board of Education of Scott County School District Georgetown, Kentucky

In planning and performing our audit of the financial statements of Scott County School District for the year ended June 30, 2005, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated August 29, 2005 contains our report on the District's internal control structure. This letter does not affect our report dated August 29, 2005 on the financial statements of the Scott County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully, Mountjoy & Bressler, LLP

mountjay & Brusales, T. J.P.

Lexington, Kentucky August 29, 2005

(859) 255-4950

(859) 255-2875 fax

The Frost Mansion

405 Garrard Street

MANAGEMENT LETTER COMMENTS

June 30, 2005

SCOTT COUNTY SCHOOL DISTRICT

Current Year Comments

Fixed Assets

Fixed assets were not reconciled to the general ledger on a regular basis throughout the fiscal year. It is highly recommended that management perform a monthly reconciliation of fixed assets, resolving discrepancies as they arise, to ensure the integrity of the fixed asset data maintained in MUNIS.

Management's Response

A monthly reconciliation of fixed asset transactions to the general ledger has been implemented.

Payroll

Voluntary employment terminations currently require no written documentation. It is recommended that such documentation be completed upon the resignation of an employee and maintained in the employee's file to prevent unauthorized payroll remittances and errors in payroll processing.

Management's Response

Documentation will be filed in the employee's file on all employees that terminate employment with the Board.

SCOTT COUNTY HIGH SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Eliminate Incurring Sales Tax

Tthree instances were noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Facilities Maintenance

An instance was noted when supplies for facility maintenance were purchased with funds generated by students. According to the "Accounting Procedures for Kentucky School Activity Funds", school activity fund money shall not be used to pay for any renovation or maintenance of school facilities or buildings.

Management's Response

School activity funds will not be used to pay for any renovation or maintenance of school facilities or buildings.

Standard Invoices

An instance was noted when no vendor invoice or standard invoice accompanied other documentation for a disbursement. According to the "Accounting Procedures for Kentucky School Activity Funds", a standard invoice must be completed when a vendor invoice is not obtained.

Management's Response

Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice or standard invoice.

Pre-numbered Documents

An instance was noted when a pre-numbered receipt was used out of order. We recommend using all pre-numbered documents in order as required by the "Accounting Procedures for Kentucky School Activity Funds", and retaining all documents in financial records for the month in which the document was used.

Management's Response

Pre-numbered receipts shall be issued any time money is received and all receipt numbers shall be accounted for.

Superintendent Approval

One instance was noted when an expense was not approved by the Superintendent. According to the Scott County Board of Education guidelines, all purchases require the prior approval of the Superintendent or Superintendent's designee.

Management's Response

The school treasurer shall review all documentation for approval signatures prior to disbursing payment.

SCOTT COUNTY HIGH SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Purchase Orders

One instance was noted when a purchase order did not match items actually purchased. According to the "Accounting Procedures for Kentucky School Activity Funds" all disbursements should be documented by a completed purchase order.

Management's Response

Before being processed each disbursement shall be documented by a completed purchase order and an original vendor invoice.

Ticket Sales Receipts

Management's Response

The school treasurer shall prepare a separate receipt and attach a copy to the report. A deposit slip will be completed and initialed by the person in charge verifying that the amount is correct.

GEORGETOWN MIDDLE SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Dual Signatures

One instance was noted when there were not two signatures on a check. According to the "Accounting Procedures for Kentucky School Activity Funds", all checks should be signed by two authorized individuals.

Management's Response

The principal and bookkeeper have implemented a process to ensure both have signed all checks.

Outstanding Checks

One check was noted that had been outstanding longer than one year. According to the "Accounting Procedures for Kentucky School Activity Funds", all outstanding checks older than one year should be properly written off and removed from the school's records.

Management's Response

The bookkeeper will write off and remove outstanding checks older than one year.

Support Organization Reporting

An instance was noted where a support organization did not submit an annual financial report or an annual budget of receipts and expenditures to the bookkeeper. The "Accounting Procedures for Kentucky School Activity Funds" states that these items should be submitted by each organization to the bookkeeper on an annual basis.

Management's Response

The principal shall request a budget of receipts and expenditures, a list of officers, and an annual financial report from the school's booster organization(s).

Voided Checks

Two instances were noted when voided checks were not properly voided. According to the "Accounting Procedures for Kentucky School Activity Funds", the word "void" should appear across the face of the check and the signature portion should be removed.

Management's Response

In accordance with established procedures, the word "void" shall be written across the face of the check and the signature portion removed from all voided checks.

Ticket Sales Receipts

A separate deposit ticket is not being generated for receipts from ticket sales. According to the "Accounting Procedures for Kentucky School Activity Funds" a separate deposit ticket should be completed for ticket sales receipts.

Management's Response

The school treasurer shall prepare a separate receipt and attach a copy to the report. A deposit slip will be completed and initialed by the person in charge verifying that the amount is correct.

SCOTT COUNTY MIDDLE SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Dual Signatures

An instance was noted when there were not two signatures on a check. According to the "Accounting Procedures for Kentucky School Activity Funds", all checks should be signed by two authorized individuals.

Management's Response

The principal and bookkeeper have implemented a process to ensure both have signed all checks.

Ticket Sales Controls

One instance was noted where a ticket admissions reconciliation was not properly controlled and reconciled. Ticket numbers sold per the reconciliation generated \$35 more than actual cash collected per the reconciliation, with no explanation for the variance. We recommend that all reconciliations of admissions receipts be properly completed and that the accuracy of the reconciliations be checked by the bookkeeper.

Management's Response

Ticket sales will be recorded and documented in accordance with state regulations.

Eliminate Incurring Sales Tax

One instance was noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Pre-numbered Documents

An instance was noticed when a pre-numbered check was used out of order. We recommend using all pre-numbered documents in order as required by the "Accounting Procedures for Kentucky School Activity Funds", and retaining all documents in financial records for the month in which the document was used.

Management's Response

Bookkeeper will ensure all pre-numbered documents are used in sequence. Corrections will be made in accordance with established procedures.

Support Organization Reporting

An instance was noted when a support organization did not submit an annual financial report to the bookkeeper. The "Accounting Procedures for Kentucky School Activity Funds" states that this item should be submitted by each organization to the bookkeeper on an annual basis.

Management's Response

The principal shall request a budget of receipts and expenditures, a list of officers, and an annual financial report from the school's booster organization(s).

ANNE MASON ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Eliminate Incurring Sales Tax

Two instances were noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Financial Reporting

An instance was noted when the principal did not sign the monthly financial report. According to the "Accounting Procedures for Kentucky School Activity Funds", the monthly financial reports shall be signed and reviewed for accuracy and reasonableness by the principal.

Management's Response

All monthly reports will be signed by the bookkeeper and principal.

EASTERN ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Voided Receipts

An instance was noted when receipts were not properly voided. When voiding a receipt, we recommend writing the word "void" across the face of the receipt, and issuing the next available pre-numbered receipt in sequential order.

Management's Response

When a receipt is issued in error, the school bookkeeper will void that receipt, write "void" across the face of the receipt and the next receipt in sequence will be used.

Ticket Sales Receipts

One instance was noted where a separate deposit ticket was not generated for receipts from ticket sales. According to the "Accounting Procedures for Kentucky School Activity Funds" a separate deposit ticket should be completed for ticket sales receipts.

Management's Response

The school treasurer shall prepare a separate receipt and attach a copy to the report. A deposit slip will be completed and initialed by the person in charge verifying that the amount is correct.

GARTH ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Facilities Maintenance

An instance was noted when supplies for facility maintenance were purchased with funds generated by students. According to the "Accounting Procedures for Kentucky School Activity Funds", school activity fund money shall not be used to pay for any renovation or maintenance of school facilities or buildings.

Management's Response

Garth Elementary School fund was reimbursed by Board funds before June 30, 2005. In the future, school activity funds will not be used to pay for renovation or maintenance of school facilities or buildings.

Eliminate Incurring Sales Tax

Three instances were noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Approval of Invoices

An instance was noted when an invoice was not approved by the principal. According to the "Accounting Procedures for Kentucky School Activity Funds", all invoices must be approved by the principal before payment.

Management's Response

Requisitions are to be signed by the principal prior to the generating of a purchase order. A signature folder will be used to obtain the principal's approval signature on a daily basis.

Voided Receipts

An instance was noted when receipts were not properly voided. When voiding a receipt, we recommend writing the word "void" across the face of the receipt, and issuing the next available pre-numbered receipt in sequential order.

Management's Response

When a receipt is issued in error, the school bookkeeper will void that receipt, write "void" across the face of the receipt, and the next receipt in sequence will be used.

Support Organization Reporting

An instance was noted when a support organization did not submit an annual financial report or annual budget of receipts and expenditures to the bookkeeper. The "Accounting Procedures for Kentucky School Activity Funds" states that these items should be submitted by each organization to the bookkeeper on an annual basis.

Management's Response

The principal shall request a budget of receipts and expenditures, a list of officers, and an annual financial report from the school's booster organization(s).

NORTHERN ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Support Organization Reporting

An instance was noted when a support organization did not submit an annual financial report to the bookkeeper. The "Accounting Procedures for Kentucky School Activity Funds" states that this item should be submitted by each organization to the bookkeeper on an annual basis.

Management's Response

The principal shall request a budget of receipts and expenditures, a list of officers, and an annual financial report from the school's booster organization(s).

Purchase of Items for Staff

An instance was noted when personal items for teachers and staff were purchased with funds generated by students. According to the "Accounting Procedures for Kentucky School Activity Funds", personal items for staff may only be purchased with funds generated by staff.

Management's Response

No school activity money shall be used in the future to purchase personal items for teachers and staff. Only staff generated funds, such as our Faculty Vending account which consists of proceeds from snack machines in the teachers lounge, shall be used instead.

Standard Invoices

An instance was noted when no vendor invoice or standard invoice accompanied other documentation for a disbursement. According to the "Accounting Procedures for Kentucky School Activity Funds", a standard invoice must be completed when a vendor invoice is not obtained.

Management's Response

In the future, no disbursement shall be processed without the support documentation of an original vendor invoice. If an original vendor invoice is not available, a standard invoice shall support the disbursement.

SOUTHERN ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Eliminate Incurring Sales Tax

One instance was noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Support Organization Reporting

An instance was noted when a support organization did not submit an annual financial report to the bookkeeper. The "Accounting Procedures for Kentucky School Activity Funds" states that this item should be submitted by each organization to the bookkeeper on an annual basis.

Management's Response

The principal shall request a budget of receipts and expenditures, a list of officers, and an annual financial report from the school's booster organization(s).

STAMPING GROUND ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Dual Signatures

An instance was noted where there were not two signatures on a check. According to the "Accounting Procedures for Kentucky School Activity Funds", all checks should be signed by two authorized individuals.

Management's Response

The principal and bookkeeper have implemented a process to ensure both have signed all checks.

Support Organization Reporting

One support organization did not submit an annual financial report to the bookkeeper. The "Accounting Procedures for Kentucky School Activity Funds" states that this item should be submitted by each organization to the bookkeeper on an annual basis.

Management's Response

The principal shall request a budget of receipts and expenditures, a list of officers, and an annual financial report from the school's booster organization(s).

Approval of Invoices

An instance was noted when the invoice was not approved by the principal. According to the "Accounting Procedures for Kentucky School Activity Funds", all invoices must be approved by the principal before payment.

Management's Response

Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice that is signed by the principal.

WESTERN ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Dual Signatures

Two instances were noted when there were not two signatures on a check. According to the "Accounting Procedures for Kentucky School Activity Funds", all checks should be signed by two authorized individuals.

Management's Response

The principal and bookkeeper have implemented a process to ensure both have signed all checks.

Eliminate Incurring Sales Tax

Two instances were noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Pre-numbered Documents

An instance was noted when a pre-numbered receipt was used out of order. We recommend using all pre-numbered documents in order as required by the "Accounting Procedures for Kentucky School Activity Funds", and retaining all documents in financial records for the month in which the document was used.

Management's Response

Bookkeepers will use pre-numbered receipts in sequential order. Receipts will be voided in accordance with state regulations and re-issued on the next pre-numbered receipt in sequence.

Deposit of Receipts

Deposits are not being made on a daily basis in accordance with the "Accounting Procedures for Kentucky School Activity Funds". Cash receipts of more than \$100 should be deposited on the day collected. We recommend that all activity fund money be deposited daily, as collected.

Management's Response

Procedures have now been put in place to ensure that activity fund money be deposited daily as collected.

Facilities Maintenance

An instance was noted when supplies for facility maintenance were purchased with funds generated by students. According to the "Accounting Procedures for Kentucky School Activity Funds", school activity fund money shall not be used to pay for any renovation or maintenance of school facilities or buildings.

Management's Response

Western Elementary School fund was reimbursed by Board funds before June 30, 2005. In the future, school activity funds will not be used to pay for renovation or maintenance of school facilities or buildings.

WESTERN ELEMENTARY SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Receipt Documentation

An instance was noted when money was received by the bookkeeper but not receipted until a later date. According to the "Accounting Procedures for Kentucky School Activity Funds", money collected should be remitted to the school treasurer daily and the school treasurer should issue receipts as funds are collected.

Management's Response

Procedures have been put in place to clarify and enforce the policy of daily remittance of monies collected to the bookkeeper. Receipts are issued immediately upon receiving money.

NINTH GRADE SCHOOL ACTIVITY FUNDS

MANAGEMENT LETTER COMMENTS

June 30, 2005

Fundraiser Worksheets

Fundraiser worksheets are not used to document all fundraisers. According to the "Accounting Procedures for Kentucky School Activity Funds", a fundraiser worksheet should be used to obtain authorization for and document all fundraising activities.

Management's Response

The use of fund-raiser worksheets has been implemented and shall continue to be used to monitor fund-raising activities.

Dual Signatures

An instance was noted where there were not two signatures on a check. According to the "Accounting Procedures for Kentucky School Activity Funds", all checks should be signed by two authorized individuals.

Management's Response

The principal and bookkeeper have implemented a process to ensure both have signed all checks.

Eliminate Incurring Sales Tax

One instance was noted when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

Schools are exempt from payment of sales tax. The school bookkeeper and principal will review all invoices to ensure sales tax is not improperly paid or reimbursed.

Deposit of Receipts

Deposits are not being made on a daily basis in accordance with the "Accounting Procedures for Kentucky School Activity Funds". Cash receipts of more than \$100 should be deposited on the day collected. We recommend that all activity fund money be deposited daily, as collected.

Management's Response

Procedures have been put in place to clarify and enforce the policy of daily remittance of monies collected to the bookkeeper. Receipts are to be issued immediately upon receiving money. Money is to be deposited daily.

Returned Checks

Deposited checks returned to the school for non-sufficient funds are recorded as disbursements rather than negative receipts. According to the "Accounting Procedures for Kentucky School Activity Funds", returned checks should be entered as negative receipts in the ledger to prevent overstatement of receipts.

Management's Response

Returned checks shall be entered as negative receipts.